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American Theatre

JEUNE LUNE RISING

AT THE SCENE OF
LYUBIMOV'S 'CRIME'

SPECIAL REPORT:
THEATRE FACTS 86



American Theatre

VOLUME 4, NUMBER 1

APRIL 1987



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Cover: Robert Rosen, left, and Dominique Serrand of Theatre de la Jeune Lune in *Yang Zen Frogs* in *Moon Over a Hong Kong Sweatshop*. Photo by Fred Desbois.

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SPECIAL REPORT

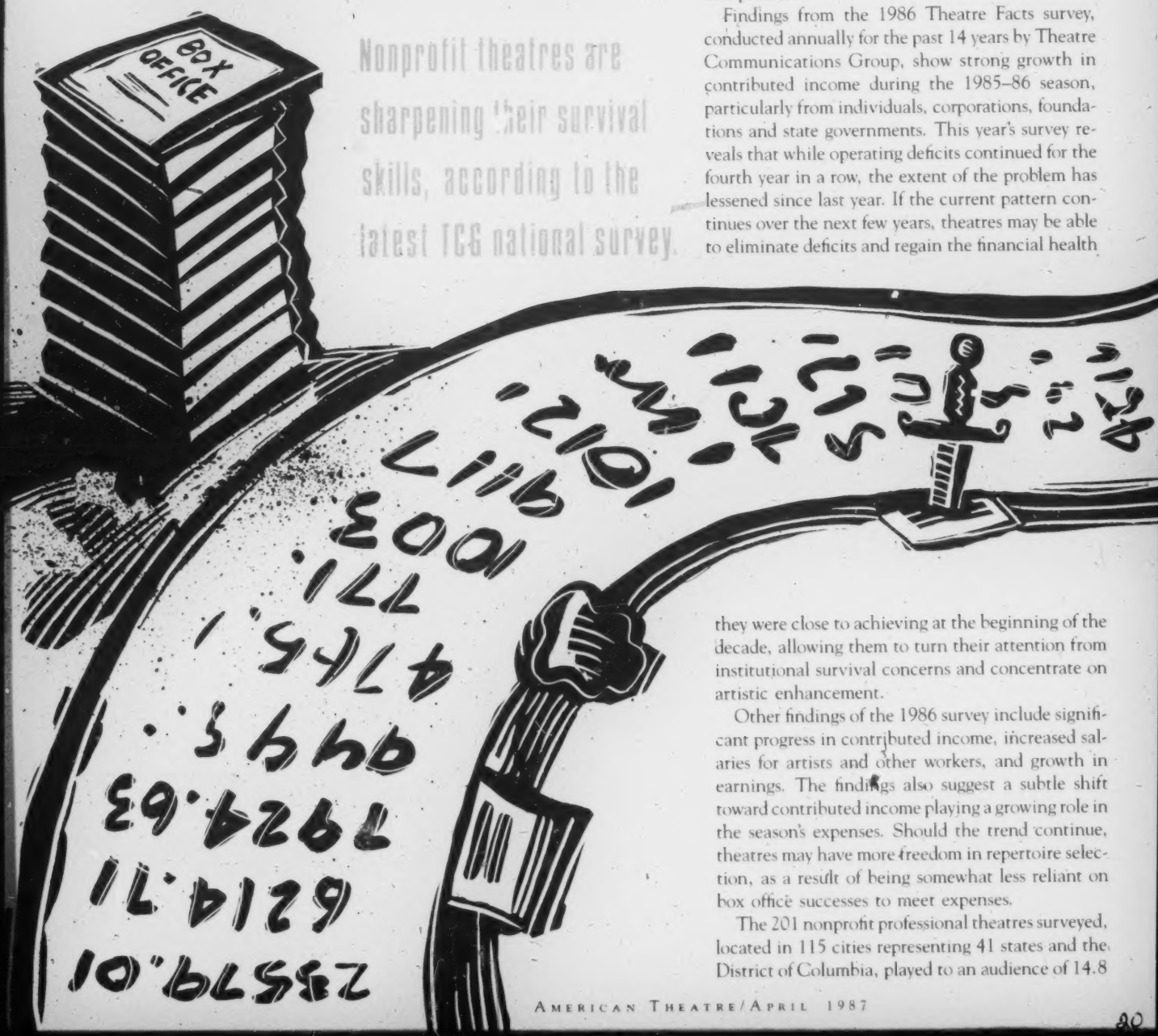
THEATRE FACTS • 86

BY ROBERT HOLLEY

While it is too early to pronounce the financial recovery of the nonprofit professional theatre field, many theatres have made successful strides toward adjusting to the vagaries of the prevailing environment. Sharpened survival skills—honed by two recessions, substantial changes in private philanthropic trends and a major shift in federal domestic spending priorities over the past five years—appear to have helped nonprofit theatres nationwide weather an extended period of intense financial pressure.

Findings from the 1986 Theatre Facts survey, conducted annually for the past 14 years by Theatre Communications Group, show strong growth in contributed income during the 1985–86 season, particularly from individuals, corporations, foundations and state governments. This year's survey reveals that while operating deficits continued for the fourth year in a row, the extent of the problem has lessened since last year. If the current pattern continues over the next few years, theatres may be able to eliminate deficits and regain the financial health

Nonprofit theatres are sharpening their survival skills, according to the latest TCG national survey.



they were close to achieving at the beginning of the decade, allowing them to turn their attention from institutional survival concerns and concentrate on artistic enhancement.

Other findings of the 1986 survey include significant progress in contributed income, increased salaries for artists and other workers, and growth in earnings. The findings also suggest a subtle shift toward contributed income playing a growing role in the season's expenses. Should the trend continue, theatres may have more freedom in repertoire selection, as a result of being somewhat less reliant on box office successes to meet expenses.

The 201 nonprofit professional theatres surveyed, located in 115 cities representing 41 states and the District of Columbia, played to an audience of 14.8



million during the 1985–86 season. Collectively, these theatres presented 52,727 performances of 2,944 productions at a cost of more than \$263 million. These theatres range from small organizations which focus on serving rural and minority audiences to large and established mainstream cultural institutions in major metropolitan areas. Programming varies widely, and includes both the classic and modern repertoire, as well as adventurous presentation of new experimental and avant-garde theatre works.

Sample Group

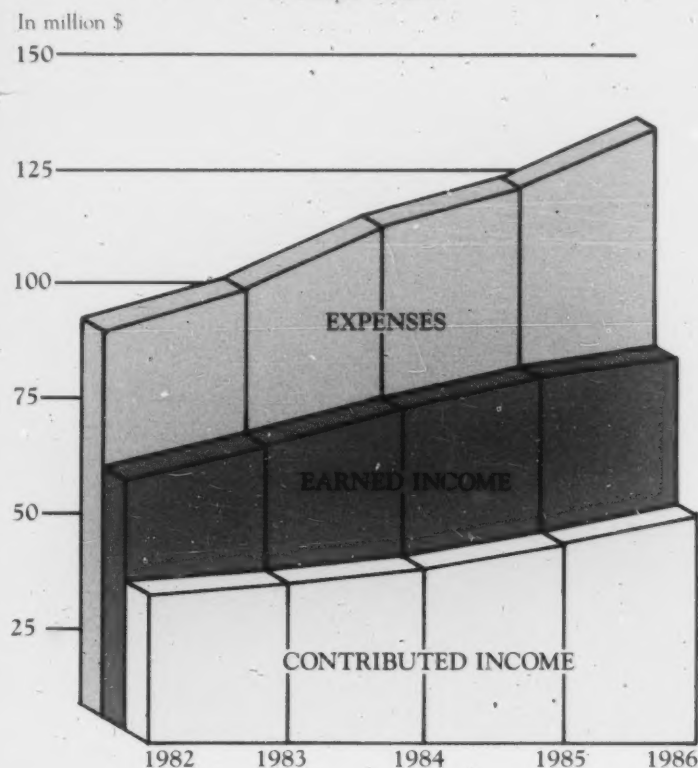
In addition to totals for all participating theatres, the TCG survey findings include a five-year trend

analysis for a sample group of 45 theatres across the country, whose 1986 budgets ranged from \$842,000 to \$9.1 million. Together, these theatres, which are among the nation's largest and better established, accounted for more than half of all financial activity of the 201 reporting theatres.

The survey reports that, for the first time in five years, total income for the sample theatres grew faster than expenses. Operating expenses increased 7 percent over the previous year, well ahead of the 1.2 percent inflation rate. Total earnings, which include box office receipts and proceeds from other ancillary activities, increased 5.6 percent. The "earnings gap"—that portion of expenses supported philanthropically by public and private contributions rather than by earnings—was the largest in

COMPARISON: EXPENSES TO EARNED AND CONTRIBUTED INCOME

45 Sample Theatres



Percent Change	82-83	83-84	84-85	85-86
Expenses	13.9	11.4	10.5	7.0
Earned Income	16.7	11.5	7.5	5.6
Contributed Income	7.9	9.2	13.5	14.7

the five years studied, up 9.4 percent over the previous year.

Contributions to the 45 sample theatres increased 14.7 percent during 1986, the largest annual increase in the five years studied, and were nearly sufficient to cover the earnings gap. Earnings had historically grown faster than either expenses or contributions until 1985. Over the past two seasons, however, contributions have grown faster than either expenses or earnings. While earnings still cover a much larger portion of the season's costs (62 percent of expenses, compared to 37 percent for contributions), these findings suggest that these theatres are becoming more successful at securing, and more dependent upon, contributed income.

Balancing operating surpluses against deficits, the 45 sample theatres have posted an aggregate operating deficit in each of the past four years. Nevertheless, the increase in contributions during 1986 has substantially improved the deficit picture over the much higher levels of the past two seasons. In 1986, the 45 sample theatres posted a collective deficit of \$333,374, with 20 of the 45 theatres ending the year with a shortfall. A year earlier, the collective deficit was nearly \$2.4 million, with 26 deficits reported. Twelve of the 1986 deficits, however, still exceed \$100,000, and the overall

situation has yet to return to the one seen five years earlier when these 45 theatres ended the season with a balanced budget.

Earnings

The 5.6 percent growth in 1986 revenues is due to a combination of several factors, including some expansion in subscription income, and strong growth in touring income and proceeds from educational programs.

Box Office

The average sample theatre presented 270 performances of 7 mainstage productions, as well as 59 performances of 7 additional ancillary offerings, over a playing season of 35 weeks. When both ancillary and touring activities are included, sample theatres presented an average of 368 performances during the 1985-86 season. As the total number of ancillary activities—including second stage productions, workshops, play readings and youth theatre offerings—has declined over the past two seasons, theatres are apparently concentrating their resources on the presentation of an increasing amount of mainstage work.

Total box office income grew by 3.9 percent in 1986 as a combined result of increases in ticket prices and attendance. Subscription and single-ticket sales accounted for four-fifths of all earnings and covered just under half of all expenses. The 1986 average increases for subscription and single-ticket prices at both ends of the scale were the smallest in the five years studied.

Subscription income grew by 6.8 percent, while the average number of subscribers remained constant at 13,000. Average top-priced subscription tickets went up 9 percent, while the least expensive subscription seat declined slightly. The average cost of a subscription seat now ranges from \$7.20 to \$17.70, compared to five years earlier when the range was \$5.15 to \$11.50. During 1986, subscribers occupied 53 percent of all available seats, down slightly from 55 percent in the previous two years. The subscription audience grew at 25 of the 45 theatres and decreased at 20 theatres. Al-

SURVEY UNIVERSE

201 Theatres in 1986

PRODUCTIVITY

Attendance	14,761,744
Subscribers	1,031,607
Performances	57,727
Productions	2,944

FINANCES

Total Expenses	\$263,284,298
Earnings	\$160,789,651
Contributions	\$103,015,010
Total Income	\$263,804,661

together, subscription income covered 30.5 percent of expenses in 1986, while single-ticket sales covered 18.6 percent.

Income from single-ticket sales declined slightly during 1986, following annual increases during the previous four years. The average cost of a single ticket increased by 7 percent; depending on day and seating location, single tickets now average between \$10.60 and \$20.50. The comparison of current box office income to operating expenses reveals that the average audience member pays less than half the actual value of his or her ticket. Theatres cover the remaining 51 percent through a combination of related earnings and fund-raising proceeds, and, by doing so, have been able to continue offering low-priced tickets to those sectors of the community which might not otherwise be able to participate in the season's activity.

Income from booked-in event presentations fell 14 percent during 1986, even though the number of theatres presenting the work of outside arts groups doubled. As theatres expand their own resident production activities, little room is left for the presentation of outside events. A perceptible attrition in the number of touring theatres available for booking by other theatres may also have influenced the decline.

Endowment Funds

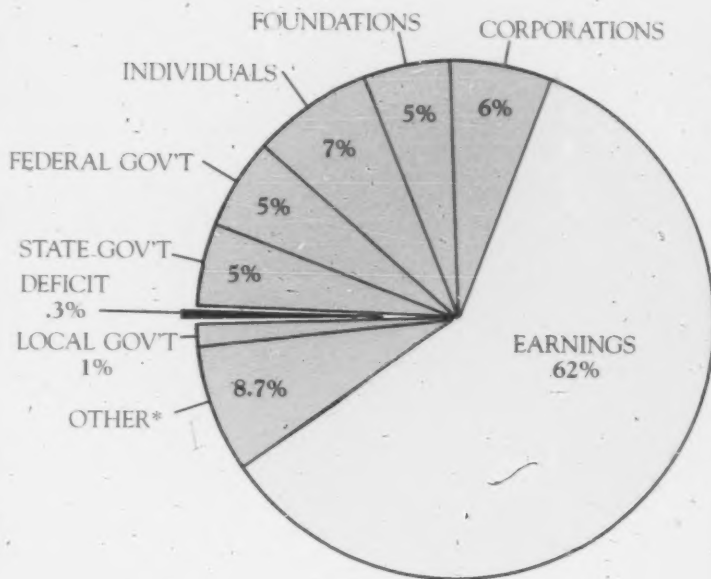
One of the most prominent developments in recent years is the considerable growth in endowment funds established primarily by the larger theatre companies. At present, these theatres are still in the early phases of building endowments, and earnings generated by these funds have been drawn upon to cover less than one percent of expenses over the past five years. The real progress is reflected in the development and growth of principals. Altogether, 25 of the 45 theatres had established endowment funds by the 1986 season; in 1982, only 14 had yet managed to establish such funds. The progress in fund balances has also been substantial: for these 45 theatres, the collective 1982 endowment fund balance totalled \$10.2 million and the median was \$274,000; by 1986, the collective fund balance had increased nearly threefold, to \$28.7 million, and the median had grown to \$317,958. Individual funds now range from \$3,094 to \$5.4 million.

In 1986, 10 theatres used endowment earnings toward operating expenses. The amount used increased by 32 percent over the previous year, but the increase is due entirely to the first-time use of endowment earnings by Arena Stage, which successfully completed a \$6 million endowment drive in 1986. Without Arena Stage, the use of endowment earnings would have remained level, an indication that most theatres are still allocating the interest earned on endowment funds to building the principals.

A rule-of-thumb often cited in endowment planning is to build a fund balance equal to at least one year's operating expenses. While only one theatre has met this goal, the progress made in endowment fund-raising over the five years has increased the aggregate fund balance to nearly one-quarter of the theatres' collective 1986 expenses, up from 11 percent of expenses in 1982. There is considerable room for growth in the endowment picture, but the progress to date has proved that well-planned and carefully executed endowment campaigns can be successful in an era of increased competition for philanthropic dollars.

1986 INCOME AS A PERCENT OF EXPENSES

45 Sample Theatres



*includes fund-raising events, UAFs, in-kind services and miscellaneous contributions

Other Earnings

Due largely to major tours mounted by the Guthrie Theater and Syracuse Stage, touring income increased 34.5 percent over 1985, the largest annual increase in the five years studied. Similarly, the total number of touring performances and touring attendance also increased. A 30.8 percent increase in the audience served by touring productions is the first reported in five years. However, fewer theatres went on tour in 1986 than had toured five years earlier. In 1982, 31 of the 45 theatres toured; by 1986 the number of companies serving audiences away from their home bases had decreased to 18; only 9 of which ventured outside their home states and only one of which toured abroad.

Income from educational programs, which includes both community outreach activities and in-house classes and conservatory programs, grew by 6.4 percent, recovering from a 1.3 percent decline in 1985. Outreach income, generated from sponsor fees, as well as public and private grants which underwrite these community services, increased 8.5 percent. Tuition income from training programs increased 5.8 percent. Nineteen of the sample theatres conducted such training programs, the highest figure in five years. Major professional training programs include those offered by American Repertory Theatre, The Children's Theatre Company, Circle in the Square Theatre, Missouri Repertory Theatre, South Coast Repertory and Trinity Repertory Company. (Syracuse Stage and Yale Repertory Theatre are also engaged in major training programs, but because of the nature of their university affiliations, do not reflect tuition earnings in their operating

EARNED INCOME

45 Sample Theatres

In thousand \$	1982	1983	1984	1985	1986
Box Office	41,862	51,086	56,725	63,057	65,529
Touring	2,257	2,415	2,341	2,613	3,514
Booked-in Events	1,545	2,191	1,808	1,934	1,663
Educational Programs	2,023	2,327	2,628	2,593	2,760
Interest & Dividends	2,167	1,918	1,877	2,037	1,520
Endowment Income	880	943	913	852	1,124
Royalty Income	598	436	572	317	522
Concessions/Advertising & Rental	2,925	2,807	3,387	3,918	4,275
All Other	2,027	1,566	2,975	1,358	2,186
TOTAL	56,284	65,689	73,226	78,679	83,093

budgets.)

Interest and dividend income, generated primarily by short-term investment of subscription income early in the season, declined by 25 percent in 1986, a reflection of lower interest rates which prevailed throughout the year.

Royalty income earned from subsequent stage, film, video and recording productions of works developed in these theatres increased 64.5 percent, but still covered less than one percent of expenses. Such income has fluctuated over the five years, and while considerable subsidiary revenues are occasionally realized, this income totalled only \$317,000 for 18 of the 45 theatres in 1986. The 1986 increase was primarily generated by subsequent productions of *Big River* (American Repertory Theatre), *Loot* (Manhattan Theatre Club), *I'm Not Rappaport* (Seattle Repertory Theatre) and *Master Harold... and the boys* (Yale Repertory Theatre).

Expenses

Nearly all of the 7 percent growth in operating expenditures for these theatres went toward salaries, fees and fringe benefits, which increased 10.8 percent in 1986. Nearly two-thirds of all theatre expenses are devoted to the compensation of artists, administrative staffs and technical personnel through salaries, fees, fringe benefits and royalties, an equation which has held true throughout the past five years. During 1986, salaries did not seem to be constricted by the lowest inflation rate since the 1960s, suggesting that these theatres are working to address the chronic problem of inadequate compensation that afflicts much of the noncommercial theatre field.

The total number of individuals employed (artists, administrative and technical personnel) reflected the smallest increase in five years. While the number of administrative, technical and non-acting artistic personnel all increased during 1986, the employment pattern for actors was somewhat different. The number of actors employed was 7 percent lower than the year before, yet the total number of actor work-weeks grew by 6.5 percent, reflecting a growth in the number of actors employed on a multiple-production or seasonal basis. Since 1982, the number of actors employed on a seasonal basis has grown while the number of jobbed-in actors has declined. Of the 45 sample

theatres, 27 increased the number of actor work-weeks during 1986. Four had geared up for participation in the National Endowment for the Arts Ongoing Ensembles program, which provides funds to support long-term employment for actors.

The number of non-acting artistic personnel employed (primarily as designers and directors) grew 16 percent during 1986, as the proportion of designers and directors contracted on a per-show basis increased.

Artistic salaries paid to actors, directors and designers grew by 13.6 percent in 1986, the largest increase in five years and nearly twice the gain seen last year. Artists' salaries, together with authors' and composers' royalties, accounted for more than 28 percent of all expenses, and compensation of artistic personnel remains the largest single budget item for these theatres. The higher expenditures for artistic salaries are partially a reflection of the provisions of two new collective bargaining agreements between the League of Resident Theatres and both Actors' Equity Association and the Society of Stage Directors & Choreographers which took effect during the year. With few exceptions, most of the sample theatres operate under both of these agreements.

The total number of technical personnel grew by 2.8 percent during the 1985-86 season, while total technical salaries increased by 4.8 percent. Technical salaries seem to have stabilized, following an annual average increase of 13.3 percent during the three previous seasons.

Administrative salaries increased 11.9 percent during the 1986 season, and accounted for 19.1 percent of all expenses. The number of administrative personnel contracted for the season remained stable, while part-time personnel increased by 31 percent, a reflection of the growing use of hourly workers to staff telemarketing and development activities during peak workload periods.

Total royalties and commissions paid on work produced during the 1986 season rose 9.8 percent. Compared to a 1.5 percent increase in the number of properties on which royalties were paid, the increase reflects higher grosses and increased royalty rates paid to authors, translators and composers.

All other expenses grew by only 1.5 percent during 1986, a distinct change from annual increases which averaged 12.5 percent between 1982 and 1985. With inflation running at only 1.2 percent during the year, the lower cost of raw materials for scenic and costume shops, and lower energy costs brought about by the fall of oil prices, helped to contain the rise in other costs.

Contributions

As the result of accelerated efforts to increase grants and contributions, contributed income has grown faster than either expenses or earnings over the past two years—by 14.7 percent in 1986 alone. Together, contributions from all sources, generated by both theatre staffs and volunteer boards of trustees, covered 37.4 percent of expenses, the largest portion in the five years studied.

The American Association of Fund-Raising Counsel estimates that American philanthropy approached the \$90 billion mark in 1985, of which 6 percent was distributed to organizations in the arts and humanities. Nearly 90 percent of all giving in the United States, according to AAFRC, comes in the form of outright contributions or bequests by individuals.

Individual Giving

Gifts to the 45 sample theatres from more than 95,900 people produced a 13.2 percent increase in individual contributions during 1986. The increase was the second largest in the five years studied, and individual gifts remain the largest single source of contributed income. The average individual contribution was \$95.66, a gain over the previous season's average of \$93.75, as the number of gifts increased by nearly 10,000.

Additional funds derived from special events such as galas, auctions, casino nights and a wide variety of other creative efforts helped to improve the contributions picture. Such income grew 16.7 percent, as four-fifths of the sample theatres produced such events. Over the past five seasons, special-events income has increased 132 percent, and when added to outright contributions, boosts the portion of expenses covered by individual gifts to nearly 10 percent.

Beginning in the current tax year, contributions to nonprofit organizations are subject to the Tax Reform Act of 1986, which lowers tax rates and reduces the tax advantage of charitable contributions. In 1985, itemizers accounted for 35 percent of all taxpayers, and this portion is expected to decrease under the new law, reducing the tax incentive for major gifts. At the same time, the new law eliminates charitable deductions for nonitemizers, removing the tax advantage for small donors entirely. Estimates prepared by Independent Sector, the nation's largest philanthropic coalition, suggest that overall giving could suffer an \$11 billion reduction in 1987 as a result of the new legislation. Other nonprofit sector analysts argue that altruism, rather than tax savings, motivates most individual contributors. Whether tax reform will adversely affect individual contributions to theatres will be seen over the next several years.

Corporate Support

Gifts from the business community to the sample theatres increased by 15.9 percent during 1986, as nearly 7,000 grants were recorded. The increase maintained the role of corporations and local businesses as the second largest source of contributed income, a pattern which has held true over the past five years. While more than twice as many corporate gifts were received in 1986 as had been reported five years before, the average size of such gifts has declined to \$1,162, two-thirds the size of the average 1982 gift of \$1,791. Although sample theatres received an average of 155 such gifts, fewer than one in ten was for \$2,500 or more.

While the considerable growth of support from the business community has had a strong effect on the contributions picture, the future growth of this category cannot be gauged. Declining corporate profits, particularly in the heavy manufacturing sector and the petroleum industry (among the strongest arts supporters in the past), coupled with revisions in the tax law which substantially increase corporate tax rates for the future, could have an impact on further increases in this area. Several studies—including nationwide findings released by the Conference Board, the Foundation Center and the Council for Financial Aid to Education—predict a downturn in corporate support to nonprofit organizations through the end of the decade. Whether corporate support to nonprofit theatres

follows—or is an exception to—these predictions remains to be seen.

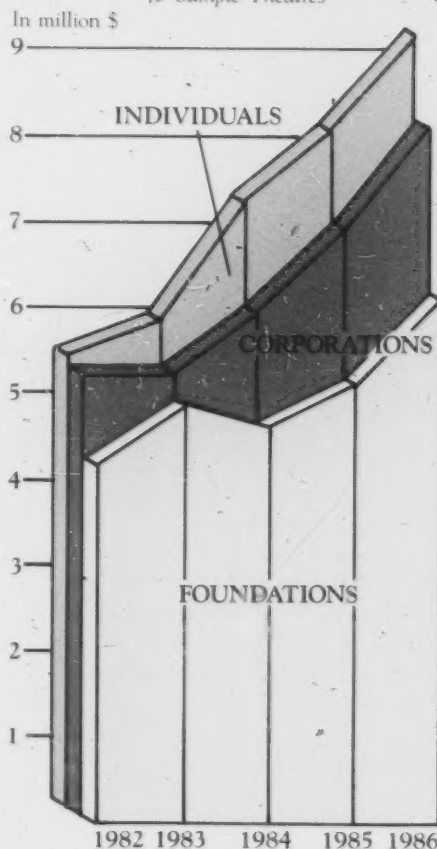
Most corporate giving occurs locally—whether from local businesses, locally based corporate headquarters or corporate branch offices. Major gifts of \$100,000 or more to support operating expenses or special projects were reported from the Humana Corporation (Actors Theatre of Louisville), Hallmark Cards (Missouri Repertory Theatre), General Mills (The Children's Theatre Company) and Patient's Choice (Arizona Theatre Company). At the national level, the Dayton/Hudson Corporation, Citibank/Citicorp, Exxon and Atlantic Richfield led funding to sample theatres during 1986.

Foundations

Foundation giving to sample theatres increased 20.8 percent in 1986, the largest annual increase reported over the five years. The improvement in this area is tied, in part, to the performance of the stock market, which had substantially increased the investment portfolios of many foundations, which

COMPARISON: PRIVATE SUPPORT

45 Sample Theatres



Percent Change	82-83	83-84	84-85	85-86
Corporations	.2	16.8	15.4	15.9
Foundations	17.3	-6.3	10.5	20.8
Individuals	12.3	-21.2	12.4	13.3

CONTRIBUTED INCOME

45 Sample Theatres

In thousand \$	1982	1983	1984	1985	1986
Federal	4,307	4,324	4,733	5,123	6,174
State	4,679	4,662	5,073	5,207	6,367
Local	871	942	738	802	1,318
Individuals	5,295	5,944	7,208	8,104	9,180
Foundations	4,171	4,892	4,583	5,063	6,116
Corporations	5,162	5,173	6,044	6,973	8,081
United Arts Funds	3,400	3,690	4,137	5,406	5,694
Fund-raising					
Events/Guilds	1,465	2,283	2,530	2,913	3,399
All Other	3,213	3,240	3,349	3,968	3,626
TOTAL	32,563	35,150	38,395	43,559	49,955

are, in turn, required by law to distribute at least 5 percent of their assets each year. Foundation giving in 1987 may increase similarly, following a booming market during 1986.

Two-thirds of the sample theatres reported increases in foundation giving during 1986. The average foundation grant increased to a five-year high of \$10,042, up from \$8,233 a year earlier. While corporate gifts outnumber foundation gifts ten to one, the average foundation gift is five times larger, and foundations remain cost-effective targets for grantseekers.

The Shubert, Mellon and MacArthur foundations led nationwide giving to sample theatres in 1986. In addition, major gifts of \$100,000 or more to support projects and operating expenses were made by the Eucalyptus Foundation (Long Wharf Theatre), Mabel Pew Myrin Trust (Philadelphia Drama Guild), Bush Foundation (The Guthrie Theater) and Cleveland Foundation (Great Lakes Theater Festival).

United Arts Funds

United arts funds—combined campaigns which solicit funds from corporations, foundations and individuals—increased by 5.3 percent in 1986, well behind the 30.7 percent rise the previous year. While only one-fourth of sample theatres benefit from such united fund-raising campaigns, such contributions have grown by 68 percent over five years. More than half of all 1986 UAF income was reported by the Mark Taper Forum, which receives corporate and community support primarily through the Los Angeles Music Center's Unified Fund.

Federal Government

Federal support to sample theatres, primarily from the National Endowment for the Arts, grew 20.5 percent in 1986. This figure is heavily influenced by a 41 percent increase in NEA Challenge funds received by 4 sample theatres, and the institution of the NEA Theatre Program's new Ongoing Ensembles project, which provided major amounts that benefited 4 of the 45 theatres in 1986. Regular NEA program grants (excluding the \$662,000 in Challenge grants and \$885,000 in Ongoing Ensembles

grants) decreased by 3 percent.

During the 1985-86 season, 42 of the 45 sample theatres were funded under the NEA Theatre Program's Professional Companies category, long the mainstay of federal support to theatres. The average Professional Companies grant received by sample theatres was \$95,238. For the 1985-86 season, 13 of the 45 theatres saw their federal support increase, 18 experienced reduced support and 3 received no federal funding. Ongoing Ensembles grantees in the sample group included Arena Stage, Circle Repertory Company, Milwaukee Repertory Theater and Trinity Repertory Company; NEA Challenge fund recipients included the Goodman Theatre, Long Wharf Theatre, Mark Taper Forum and Trinity Repertory Company.

During federal fiscal year 1985, the NEA appropriation increased by one percent to \$163.7 million. Of the \$10.8 million allocated to the Theatre Program, \$7.3 million was distributed to theatres through the Professional Companies category to support the 1985-86 season. For fiscal year 1986, the NEA Theatre Program budget—suffering the impact of the Gramm-Rudman-Hollings automatic spending cuts which affected half of all domestic spending that year—fell by 6.5 percent, to \$10.1 million. The effects of this reduction in the Professional Companies funding will not appear until next year's survey.

The Ongoing Ensembles and Challenge programs, which helped to improve federal support for several of the sample theatres in 1986, are currently undergoing study and their futures are unclear. The Ongoing Ensembles project makes large multi-year commitments to participating theatres, but the Theatre Program has indicated that its resources may allow only two companies to be funded every other year in the future. Similarly, the current Challenge II program, which has awarded \$173 million to 621 organizations in all arts disciplines over its 10-year history, is slated to be phased out in the near future. It is expected to be superseded by a new program, "Challenge III," which will emphasize support for innovative new projects rather than institutional support. For the first time, Challenge funds will be open to a larger number of organizations, and whether theatres will be able to compete successfully under the new guidelines remains to be seen. In any case, the new Challenge guidelines, by focusing on new projects, will require concomitant budget increases for new programming. The future of these two programs will undoubtedly influence future trends in federal support to theatres.

This edition of Theatre Facts covers a five-year span which falls entirely within the Reagan Administration's tenure. During this time, both the number of theatres funded and the portion of theatres' expenses covered by NEA Program support has declined. In 1981, when 304 theatres received Professional Theatre Company grants, federal funds covered nearly 7 percent of theatre expenses (based on a sample group for that year which included 37 of the 45 sample theatres). By 1986, the number of Professional Companies grants had fallen to 174, and federal funds covered 4.6 percent of sample theatres' expenses.

Even with congressional arts champions working hard for higher NEA appropriations, the likelihood of major increases in the near future appears to be limited, in light of bipartisan support in Congress for reducing the federal deficit, the impact of the Gramm-Rudman-Hollings balanced budget act and

President Reagan's continuing requests for reductions in arts appropriations.

State and Local Governments

In each of the past five years, state government funding to sample theatres, primarily from state arts agencies, has exceeded support provided by the federal government. During 1986, state government funding increased 22.3 percent, the largest annual increase in the five years studied.

The increase in total state grants to the sample theatres exceeded the 20.8 percent increase in overall state arts agency appropriations for the 1985-86 season reported by the National Assembly of State Arts Agencies. With state legislative appropriations reportedly slated for additional increases of 24 percent and 10.7 percent for each of the next two years, state support to sample theatres should continue to reflect growth in the next two TCG surveys.

State arts agency grants to sample theatres averaged \$108,904 for the 1985-86 season, as 30 of the 45 theatres received increases, 8 were level-funded, 7 saw decreases and 3 did not receive state funds. Virtually all of the increase is the result of major increases in state support to sample theatres in Florida, Massachusetts and New Jersey.

Municipal governments provided funding to 27

TOTAL INCOME AND EXPENSES

45 Sample Theatres

In thousand \$	1982	1983	1984	1985	1986
Earned Income	56,284	65,689	73,226	78,679	83,093
Total Expenses	88,847	101,202	113,161	124,632	133,381
Earnings Gap	-32,563	-35,513	-39,935	-45,953	-50,288
Contributed Income	32,563	35,150	38,395	43,559	49,955
Total Income	88,847	100,839	111,621	122,238	133,048
Surplus/Deficit	0	-363	-1,540	-2,394	-333

of the 45 sample theatres during 1986, and total city and county support increased 64.5 percent over the previous year. Despite the largest annual increase in five years, such support continues to cover less than one percent of expenses, a pattern which has held true throughout the period studied. In 1986, significant support was provided to sample theatres by the cities of Buffalo, Houston, Anchorage and Providence.

Conclusion

Overall, the survey can be interpreted as yielding mixed but optimistic results: although deficits continued for the fourth year, significant progress was made in both the contributions arena and in compensation of artists and other workers. The sample theatres have exhibited remarkable resilience in the face of seemingly impossible odds over the past five years, and while some theatres still remain in a threatened position, almost two-thirds of the sample theatres ended 1986 in a better position than the previous year. Yet it is difficult to assess the impact on artistic progress of devoting such extensive efforts toward fund-raising, marketing and cost containment. The field now appears to be on the way toward regaining its financial health, which could provide an improved climate for refocusing energies on artistic growth for the future.

TCG has conducted national surveys annually since 1973. Under the direction of Robert Holley, research for Theatre Facts 86 was compiled by Steve Bailey. Christina Colando of the TCG Management Services staff assisted with the project. Data from the participating sample theatres was verified against certified financial audits.

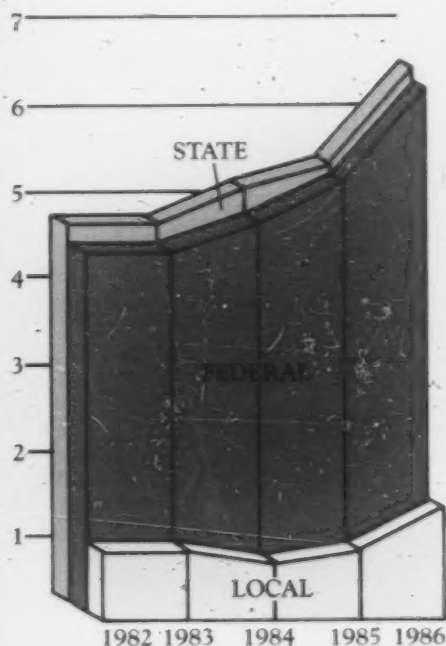
1986 Sample Group Theatres

A Contemporary Theatre, Actors Theatre of Louisville, Alaska Repertory Theatre, Alloy Theatre, American Repertory Theatre, Arena Stage, Arizona Theatre Company, Asolo State Theater, Berkeley Repertory Theatre, Center Stage, The Children's Theatre Company, Cincinnati Playhouse in the Park, Circle in the Square Theatre, Circle Repertory Company, The Cleveland Play House, Coconut Grove Playhouse, The Empty Space Theatre, George Street Playhouse, Goodman Theatre, Great Lakes Theatre Festival, The Guthrie Theater, Hartford Stage Company, The Hartman Theatre, Long Wharf Theatre, Manhattan Theatre Club, Mark Taper Forum, McCarter Theatre, Milwaukee Repertory Theatre, Missouri Repertory Theatre, Northlight Theatre, Old Globe Theatre, Pennsylvania Stage Company, The People's Light and Theatre Company, Philadelphia Drama Guild, Pittsburgh Public Theatre, The Repertory Theatre of St. Louis, Seattle Repertory Theatre, The Shakespeare Theatre at the Folger, South Coast Repertory, StageWest, Studio Arena Theatre, Syracuse Stage, TheatreVirginia, Trinity Repertory Company, Yale Repertory Theatre.

COMPARISON: PUBLIC SUPPORT

45 Sample Theatres

In million \$



Percent Change	82-83	83-84	84-85	85-86
Federal	.4	9.5	8.2	20.5
State	-4	8.8	2.6	22.3
Local	8.2	-21.6	8.6	64.4